

PATENT

Application Serial No. 09/654,341
Attorney Docket No. 97-059-1-C1R E M A R K S

- Claims 69-85 and 90-117 were pending in the present application
- Claims 69-85 and 90-117 stand rejected

Upon entry of this Response, which is respectfully requested for the reasons set forth below:

- Claims 69-85 and 90-117 will be pending
- Claim 118 will be added
- Claims 69, 80, 103, and 118 will be the only independent claims

Prior Section 101 and Section 112 Rejections Have Been Overcome

Claims 69-85 and 90-117 had previously been rejected under Section 101 as being directed to non-statutory subject matter. [Office Action mailed March 24, 2003]. Claims 69-79 were previously rejected under Section 112, second paragraph. [Office Action mailed August 6, 2002].

Applicants are grateful for the Examiner's acknowledgement in the present Office Action that Applicants' amendment to independent Claim 69 (in the Amendment & Response mailed November 5, 2002) has overcome the Section 112 rejection of Claims 69-79. [page 2].

Applicants are also grateful for the Examiner's acknowledgment in the present Office Action that pending Claims 69-85 and 90-117 are directed to statutory subject matter. [page 2].

Section 103(a) Rejection

Claims 69-74, 77, 80-85, 97, 103-108, and 111 stand rejected under 35 U.S.C. 103(a) as being unpatentable over Japanese Patent Application No. 590108827 (published December 12, 1985, as document no. 600251498) in the name of Iri ("Iri") and in view of Japanese Kokai Patent Application No. Hei 2[1990]-289000 in the name of Nozawa ("Nozawa").

Claims 75-76, 78, 79, 90-96, 98-102, 109, 110, and 112-117 stand rejected under 35 U.S.C. 103(a) as being unpatentable over Iri and Nozawa, and further in view of subject matter that is Official Noticed by the Examiner without any supporting reference of record.

Applicants respectfully traverse the Examiner's Section 103(a) rejection.

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1. **Factual Inquiries Required by *Graham* for Determination of Obviousness Under 35 U.S.C. § 103**

In Graham v. John Deere Co., 383 U.S. 1, 148 U.S.P.Q. 459 (1966), the Supreme Court established the test for consideration and determination of obviousness under 35 U.S.C. § 103. U.S. Patent and Trademark Office policy is to follow Graham. Accordingly, examiners should apply the test for patentability under 35 U.S.C. § 103 as set forth in Graham. M.P.E.P. § 2141 (8th ed. (Rev. 1), Feb. 2003).

The four factual inquiries enunciated in Graham as a background for determining obviousness of a claim are as follows:

- (A) Resolving the level of ordinary skill in the pertinent art;
- (B) Determining the scope and contents of the prior art;
- (C) Ascertaining the differences between the prior art and the claims in issue; and
- (D) Evaluating evidence of secondary considerations.

M.P.E.P. § 2141. Some of these factual inquiries are discussed briefly below.

1.1. Level of Ordinary Skill in the Art

Ascertaining a level of ordinary skill in the art is necessary. M.P.E.P. § 2141.03. See Ryko Mfg. Co. v. Nu-Star, Inc., 950 F.2d 714, 718 (Fed. Cir. 1991) ("Hence, the level of ordinary skill in the art is a factual question that must be resolved and considered."). Some factors that may be considered are outlined at M.P.E.P. § 2141.03.

Without a factual determination of the level of ordinary skill in the art, obviousness cannot be assessed properly because the critical question is whether a claimed invention would have been obvious at the time it was made to one with ordinary skill in the art. Custom Accessories, Inc. v. Jeffrey-Allan Indus., Inc., 807 F.2d 955, 962 (Fed. Cir. 1986).

Thus, a determination of the level of ordinary skill in the art is an integral part of the Graham analysis. Ruiz v. A.B. Chance Co., 234 F.3d 654, 666 (Fed. Cir. 2000) (citing Custom Accessories, 807 F.2d at 962).

1.2. Scope and Content of the Prior Art

To rely on a reference under 35 U.S.C. § 103, the reference must be analogous prior art. M.P.E.P. § 2141.01(a). Also, in order to avoid impermissible hindsight, the content of the prior art must be determined as of the time the invention was made. M.P.E.P. § 2141.01.

1.3. Differences between the Prior Art and the Claims

Ascertaining the differences between the prior art and the claims at issue requires (i) interpreting the claim language, and (ii) considering both the invention and the prior art references as a whole. A prior art reference must be considered in its entirety, i.e., as a whole, including portions that would lead away from the claimed invention. M.P.E.P. § 2141.02 (emphasis in original).

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In view of all factual information, the Examiner must then make a determination whether the claimed invention "as a whole" would have been obvious to the hypothetical "person of ordinary skill in the art" when the invention was unknown and just before it was made. M.P.E.P. § 2142.

2.1. Basic Requirements

To establish a *prima facie* case of obviousness for a claim, three basic criteria must be met:

1. There must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art;
2. There must be some reasonable expectation of success; and
3. The prior art reference (or references when combined) must teach or suggest all the claim limitations.

See M.P.E.P. § 2143.

The level of skill in the art cannot be relied upon to provide the suggestion to combine references. M.P.E.P. § 2143.01. The mere fact that references can be combined or modified does not render the resultant combination obvious unless the prior art also suggests the desirability of the combination. M.P.E.P. § 2143.01.

2.2. The Examiner Bears the Initial Burden of Factual Support

The examiner bears the initial burden of factually supporting any *prima facie* conclusion of obviousness. If the examiner does not produce a *prima facie* case, the applicant is under no obligation to submit evidence of nonobviousness. M.P.E.P. § 2142. The initial burden, therefore, is on the examiner to provide some suggestion of the desirability of doing what the inventor has done. M.P.E.P. § 2142.

3. The Examiner has Failed to Conduct the Required Graham Inquiries

Applicants have carefully reviewed the Section 103 rejections of Claims 69-85 and 90-117 in the present Office Action to determine compliance with the Graham requirements.

Applicants respectfully submit that the Examiner has not followed Graham with respect to any rejection under Section 103.

Specifically, the Examiner has neither (i) defined a level of ordinary skill in the art nor (ii) clearly indicated any evidence in support of such a finding. Such a finding is necessary in assessing obviousness. M.P.E.P. § 2141.03.

As a result of the failure to resolve and consider the level of ordinary skill, the Examiner (i) cannot have determined the scope and content of the prior art objectively, i.e., from the point of view of the hypothetical person having ordinary skill in the art at the time of invention, and thus (ii) cannot have determined the differences between the cited references and the claims objectively.

As the Examiner has failed to conduct the required Graham factual inquiries (as outlined in Section 1), the Examiner cannot factually support any *prima facie* conclusion of obviousness (based on the criteria outlined in Section 2.1) with respect to any pending claim.

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In any subsequent Office Action asserting a Section 103 rejection, Applicants respectfully request that the Examiner clearly indicate, with respect to each rejected claim, the support in the record for any findings under the required Graham factual inquiries: (i) the level of ordinary skill in the pertinent art; (ii) the scope and contents of the prior art; (iii) the differences between the prior art and the claims in issue; and (iv) any evidence of secondary considerations.

In particular, Applicants respectfully request that the Examiner define and submit evidence of the level of ordinary skill. Some factors that may be considered in determining the ordinary level of skill in the art are outlined at M.P.E.P. § 2141.03.

5. The Examiner has Failed to Meet the Basic Criteria for *Prima Facie* Obviousness

The Examiner has failed to make the requisite factual findings under Graham (see Section 3 above) and thus cannot factually support a *prima facie* case of obviousness under the criteria outlined in Section 2.1.

For example, without resolving the level of ordinary skill in the art, the Examiner has no factual support for an assertion that a motivation or suggestion to combine references may be found objectively either (i) in the references themselves or (ii) in the knowledge generally available to one of ordinary skill in the art.

In addition, the Examiner has failed to make any assertion of a reasonable expectation of success with respect to any claim.

For at least these reasons, Applicants respectfully submit that the Examiner has failed to establish a *prima facie* case of obviousness for any pending claim.

Some criteria that have not been met with respect to particular claims are discussed further herein.

6. Independent Claim 69, 80, and 103

Applicants respectfully submit that independent Claims 69, 80, and 103 are not obvious in light of Iri or Nozawa, either alone or in combination. Neither Iri nor Nozawa teaches or suggests all of the features of independent Claims 69, 80, and 103.

Applicants note that the Iri and Nozawa references are foreign references translated into English, and have resulted in ambiguous and unclear language. This ambiguous and unclear language, combined with hindsight gleaned from the Applicant's disclosure, seems to have caused the Examiner to make general incorrect assumptions about the scope of the prior art.

For example, Examiner asserts on page 4 of the Office Action that "Iri teaches the customer selecting and accepting an installment plan (see entire page 19)." Applicants, however, interpret the cited statements as disclosing a method that allows a customer to acknowledge an installment plan that is or was offered to a customer. The exact language on page 19 of Iri, referring to the customer's actions, states: "allows customer to confirm what he/she has paid off in installments" (top of page 19) and "the customer can acknowledge the details of the balance and the amount still due based on the receipt printed" (bottom of page 19 – top of page 20). Applicants do not believe that one having ordinary skill in the art would have interpreted these statements as in any way teaching or suggesting that a customer is selecting or is able to select an installment plan.

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The Examiner does not provide any explanation, much less factual support, for why one having ordinary skill would interpret the cited language of the Iri reference as the Examiner has done. Further, as discussed above, the Examiner has failed even to resolve the level of ordinary skill in the art. Accordingly, Applicants respectfully submit that the Examiner has failed to interpret the scope and content of Iri objectively from the viewpoint of one having ordinary skill in the art at the time of the invention.

Accordingly, Applicants respectfully submit the Examiner has failed to establish that Iri teaches or suggests a feature of *generating at the POS terminal a selection signal to indicate whether the installment plan is accepted*, as generally recited in each of Claims 69, 80, and 103.

Some limitations of Claims 69, 80, and 103 include transmitting information from a POS terminal to a central controller, and vice versa. The Examiner has failed even to mention the feature of a *central controller*, much less *transmitting information from a POS terminal to a central controller or transmitting information from a central controller to a POS terminal*. Neither of the cited references teach or suggest any such features; the Examiner does not assert otherwise.

Accordingly, Applicants respectfully submit that the cited references do not teach or suggest features of Claims 69, 80, and 103 generally directed to:

- *transmitting the purchase price and the credit card number from the POS terminal to a central controller*
- *transmitting data concerning the installment plan from the central controller to the POS terminal*
- *transmitting the selection signal from the POS terminal to the central controller*

Thus, the Examiner has failed to establish a *prima facie* case of obviousness with respect to independent Claims 69, 80, and 103 or to any claims dependent therefrom.

7. Claims 75-76, 78, 79, 90-96, 98-102, 109, 110, and 112-117

Each of Claims 75-76, 78, 79, 90-96, 98-102, 109, 110, and 112-117 are dependent from one of independent Claims 69, 80, and 103 and Applicants submit the claims are patentable for at least the reasons stated herein with respect to the independent claims.

Specifically, the Examiner has failed to make any finding as to the level of ordinary skill in the art, has failed to interpret the references from the viewpoint of one having ordinary skill, and has failed to address limitations recited in the independent claims.

Furthermore, in rejecting each of Claims 75-76, 78, 79, 90-96, 98-102, 109, 110, and 112-117, the Examiner has inappropriately relied upon Officially Noticed subject matter as:

- (i) disclosing features not suggested by the cited references, and / or
- (ii) suggesting a motivation to modify the cited references to provide for such features.

For example, with respect to Claims 75, 76, 95, 96, 109, and 110, the Examiner merely asserts that it would have been obvious "to deny installment plans if the amount owed is at a very minimum...in order to minimize unnecessary costs in the overall system and also in order to minimize risks with a potentially delinquent customer especially if the customer's financial records shows a delinquent status." [Office Action, page 4] Applicants respectfully traverse these assertions, which are offered without support in the record.

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With respect to Claims 78, 98, and 112, the Examiner merely asserts that it would have been obvious "to determine whether application of the purchase price to the financial account is authorized...so as to minimize risks. If there is no potential risks, then authorizing the installment plan identifier would have then been processed in the combined system." [Office Action, page 5]. Applicants respectfully traverse these assertions, which are offered without support in the record.

Furthermore, the Examiner apparently has misinterpreted the claimed feature, which is directed to a *determination based on whether an account indicated by the credit card number is pre-approved for installment payments*. In contrast, the Examiner has apparently read the limitation as if it were directed to determining whether there is an authorization to apply the purchase price to a financial account. There is nothing in either Iri, Nozawa, or the Examiner's Officially-Noticed subject matter that would specifically suggest *pre-approval for installment payments*.

With respect to Claims 79, 90, and 113, the Examiner takes Official Notice "that most financial transactions include a merchant identifier." Applicants respectfully traverse this assertion, which is offered without support in the record.

With respect to Claims 91, 92, 99, 100, 114, and 115, the Examiner asserts:

It is well known in the buying and selling of automotive process [sic] that dealers/manufacturers usually provide incentives or a lower interest rates if the buyer decides to purchase a given automobile at a given price or decides to make payment for a number of years. Such would have automatically resulted into crediting the car dealer/manufacturer with the upsell value. Thus doing the same in the combination of Iri and Nozawa would have been obvious to the skilled artisan....

[page 5]. Applicants respectfully traverse this assertion, which is offered without support in the record.

Furthermore, Applicants respectfully note that the field of automobile dealerships and manufacturers is non-analogous art to the field of the present invention. Further, Applicants note that in the art of automobile dealerships and manufacturers, any incentives or upsells typically are not determined at the POS terminal (or presented to the customer at the time of payment). The Examiner has not provided any reasoning (much less factual support) as to why one having ordinary skill in the art would have looked to practices in automobile dealerships and manufacturers.

Applicants further note that neither Iri nor Nozawa discloses a motive to combine the systems they disclose with an upsell process. Applicants contend that the upsell process disclosed in the present application is non-obvious over both Iri and Nozawa. It appears that the Examiner is using hindsight resulting from Applicants' disclosure to perceive a motivation to combine or modify the Iri and Nozawa disclosures.

With respect to Claims 93, 101, and 116, the Examiner merely asserts that it would have been obvious provide for *determining the upsell to offer based on at least one of the purchase price and the credit card number* because "it would have been impossible and it would have been too profitable to entice an upsell if the upsell is supposedly of a greater value than a purchased [sic] price...[and it] would have been obvious to provide customer satisfaction and to enhance the profitability of the overall system." Applicants respectfully traverse this assertion, which is offered without support in the record.

With respect to Claims 94, 102, and 117, the Examiner merely states: "displaying a signal indicative of the upsell to offer at the POS terminal would have then

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been the next step once the upsell is accepted so as to process the customer's compensation for his/her opted purchased [sic] price and/or duration/payment term." [page 6 (emphasis added)]. Applicants respectfully traverse this assertion, which is offered without support in the record. Furthermore, Applicants do not understand the statement, which itself does not even suggest a motivation to display a signal at a POS terminal, much less display a signal indicative of the upsell to offer. The Examiner has apparently interpreted the limitation as if it were directed to receiving a signal after an upsell is accepted. Applicants respectfully submit that the Examiner has misunderstood the limitation, which is directed to displaying a signal at the POS terminal.

Applicants respectfully submit that the Examiner has employed impermissible hindsight in the rejection of all of Claims 75-76, 78, 79, 90-96, 98-102, 109, 110, and 112-117 under Section 103. For example, the Examiner offers no evidence in support of the various assertions made with respect to any of Claims 75-76, 78, 79, 90-96, 98-102, 109, 110, and 112-117. The Examiner's various assertions as to what would have been obvious, therefore, amount to mere statements that the claimed embodiments are advantageous. The Examiner has failed to identify either (i) any evidence in support of the general assertion that the subject matter was disclosed in the prior art, or (ii) any suggestion in the prior art that would have been interpreted by one having ordinary skill in the art as a motivation to modify the specific Iri and Nozawa references to provide for the specific claimed feature.

Accordingly, the Examiner has failed to establish a *prima facie* case of evidence with respect to any of Claims 75-76, 78, 79, 90-96, 98-102, 109, 110, and 112-117.

7.1. Official Notice

The Examiner's rejection of each of Claims 75-76, 78, 79, 90-96, 98-102, 109, 110, and 112-117 is thus based in part on unsupported general assertions. Applicants respectfully traverse the Examiner's Official Notice of the recited features of all Claims 75-76, 78, 79, 90-96, 98-102, 109, 110, and 112-117, as well as the Examiner's mere assertion of motivations not supported by evidence of record.

Applicants note that the scope of the matter of which the Examiner takes Official Notice is limited to the substantial evidence in the record for such matter. The cited Iri and Nozawa references do not support the Examiner's broad assertions as to what was well known; the Examiner does not assert otherwise.

No references have been provided for any of the Examiner's assertions as to features or motivations. Given that the only particular information in the record thus far regarding what is considered to be in the prior art is the Examiner's brief statement, Applicants cannot properly determine the bounds of the prior art. Accordingly, Applicants dispute that the subject matter asserted was "well known" at the time the invention was made, and request, for each of Claims 75-76, 78, 79, 90-96, 98-102, 109, 110, and 112-117, a reference to clarify the subject matter in more detail. MPEP 2144.03.

Accordingly, the Examiner's sweeping assertions cannot be used as prior art to the present application – only the content of the references of record which are prior art to the present application may so used. "[D]eficiencies of the cited references cannot be remedied by the Board's general conclusions about what is 'basic knowledge' or 'common sense.'" In re Zurko, 258 F.3d 1379, 1385, 59 USPQ2d 1693, 1697 (Fed. Cir. 2001); In re Lee, 277 F.3d 1338, 1344, 61 USPQ2d 1430, 1434 (Fed. Cir. 2002).

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Further, Officially-Noticed subject matter cannot be used as the basis for a rejection under 102 or 103. Official Notice may be used, if at all, only to clarify the meaning of a reference. See, e.g., In re Ahlert, 424 F.2d 1088 (C.C.P.A. 1969) ("Typically, it is found necessary to take notice of facts which may be used to supplement or clarify the teaching of a reference disclosure, perhaps to justify or explain a particular inference to be drawn from the reference teaching.") (emphasis added).

In other words, Official Notice of what existed in the prior art is not permitted. A reference must be provided to show the scope and content of the prior art. See, e.g., In re Ahlert, 424 F.2d 1088 (C.C.P.A. 1969) ("Assertions of technical facts in areas of esoteric technology must always be supported by citation to some reference work recognized as standard in the pertinent art and the appellant given, in the Patent Office, the opportunity to challenge the correctness of the assertion or the notoriety or repute of the cited reference. ... Allegations concerning specific 'knowledge' of the prior art, which might be peculiar to a particular art should also be supported and the appellant similarly given the opportunity to make a challenge.") (emphasis added); In re Eynde, 480 F.2d 1364 (C.C.P.A. 1973) ("[W]e reject the notion that judicial or administrative notice may be taken of the state of the art. Facts constituting the state of the art in a patent case are normally subject to the possibility of rational disagreement among reasonable men, and are not amenable to the taking of judicial or administrative notice.") (emphasis added); In re Pardo, 684 F.2d 912 (C.C.P.A. 1982) ("[T]his court will always construe [the rule permitting judicial notice] narrowly and will regard facts found in such manner with an eye toward narrowing the scope of any conclusions to be drawn therefrom. Assertions of technical facts in areas of esoteric technology must always be supported by citation to some reference work recognized as standard in the pertinent art and the appellant given, in the Patent Office, the opportunity to challenge the correctness of the assertion or the notoriety or repute of the cited reference.") (emphasis added).

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Newly-added Claim 118 is patentable over Iri and Nozawa for at least the reasons presented herein.

Claim 118 contains all of the limitations of independent Claim 69, and is believed to be patentable for at least the reasons stated herein with respect to Claim 69.

According to some embodiments of the present invention, installment plans for a purchase made at POS terminal are presented to a purchaser without the purchaser or the operator of the terminal affirmatively requesting that such an installment plan option be presented. Various embodiments also allow presentation of installment plan options to purchasers that a seller, credit card issuer or clearinghouse determine are qualified purchasers. Such an arrangement may result, advantageously, in the presentation of installment plan options to purchasers who would not otherwise have requested an installment plan as payment for a purchase.

There is nothing in either the Iri or Nozawa references that teaches or suggests, alone or in combination, a feature generally directed to *generating an installment plan for payment of a purchase price in response to at least one of a purchase price and a credit card number transmitted to a central controller*. Specifically, the cited references do not teach or suggest any of the following:

- *using the central controller to generate, in response to at least one of the purchase price and the credit card number, an installment plan for payment of the purchase price*

as recited in new independent Claim 118.

For at least the reasons stated herein, Applicants respectfully submit that new Claim 118 is allowable.

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It is submitted that all of the claims are in condition for allowance. The Examiner's early re-examination and reconsideration are respectfully requested.

Please charge any fees that may be required for this Amendment to Deposit Account No. 50-0271. Furthermore, should an extension of time be required, please grant any extension of time which may be required to make this Amendment timely, and please charge any fee for such an extension to Deposit Account No. 50-0271.

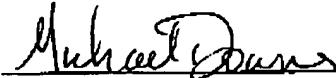
If the Examiner has any questions regarding this amendment or the present application, the Examiner is cordially requested to contact Michael Downs at telephone number (203) 461-7292 or via electronic mail at mdowns@walkerdigital.com.

Petition for Extension of Time to Respond

Applicants hereby petition for a ONE-month extension of time with which to respond to the Office Action. Please charge \$55.00 for this petition to our Deposit Account No. 50-0271. Please charge any additional fees that may be required for this Response, or credit any overpayment to Deposit Account No. 50-0271.

If an additional extension of time is required, please grant a petition for that extension of time which is required to make this Response timely, and please charge any fee for such extension to Deposit Account No. 50-0271.

Respectfully submitted,



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February 3, 2004

Date